C.F. 71 & 72.

1930

Department of Land Revenue & Settlement.

OFFICE ~~of the Board of~~ Revenue

STATION Madras

Misc. No. 2745

M

Dated 18. 9. 30.

K. 3653

To whom sent		Date	Initial
	Given for copying		
	Copied		
	Examined		
	Signed		
	Given for despatch		
	Despatched		
	Indexed		
Pages in the file 9	To be destroyed on*	23 SEP 1930	

(SUBJECT.)

~~Leases~~ - Manganese (Bellary) - Sandur State - Kudremukh Taluk - Alienation - Application of Messrs. Mysore Iron & Steel Works Ltd. - Rejected - Orders passed.

*Not to be filled in in the case of permanent records.

G.W. 71 & 72.

1930

Department of Land Revenue & Sea

OFFICE of the Board of Revenue

STATION Madras.

Mis. No. 2745

M

K. 3653

Dated 18. 9. 30.

Date	Initial
whom sent	en for copying
	ied
	umined
	ned
	Given for despatch
	Despatched
	Indexed
ages in the file 9	To be destroyed on* 23 SEP 1940 23/9

(SUBJECT.)

Mining Leases - Manganese (Bell.
Harpanahalli Tk - Aligiavada -
Narasimhachari. M.A.Ry K.C. -
Failure to work the mine - Instr.
issued -

* Not to be filled in in the case of permanent records.

In reply, please quote number, date and short title.

DEPARTMENT. K 3653

Received ..... *Registered* .....

From (Name) E. Bennett Esquire, I.C.S.,

(Designation) Collector of Bellary

Post Box ....., (Station) ..... Bellary.

Telegraphic Address .....

To The Secretary to the Commissioner,

Board of Revenue, Land Revenue & Settlement

Madras.

Ref. C. *No.* 445-/30, *dated* 3.8.30 192 .

Sir,

ENCLOSURES .....

Mining - Manganese - Aligilavada - Harpanahalli Taluk - lessee M.C.Narasimhachari - instructions requested -

SPARE COPIES .....

A mining license on a thirty years lease was granted to A.R.Ry.,M.C.Narasimhachar on 12.6.1924 for mining manganese in Aligilavada B Block of the Harpanahalli Taluk.

2. The mine was opened on 15.9.26 and was closed on 5.2.27 and it was reopened on 1.1.28 and closed on 1.6.29 Mining operations have not been subsequently started. He has therefore committed a breach of the condition in para 3 of Part VII of the mining lease. He was asked to state why action should not be taken as stated in para 3 of Part IX of the mining lease. In reply he states that he had to close the mine on account of the slump in the mining market, assures me that he will begin mining operations as soon as the market improves. A copy of his letter is enclosed.

3. As there is no provision by which the concession prayed for by the lessee can be granted by me, I solicit the Board's instructions in the matter.

For Collector.

R.V. 3.9.

CR 419

Copy of letter No.Nil dated 26th August 1930 from Mr.K.C. Narasimhachariar, Madras to the Collector of Bellary.

I am in receipt of your communication C. 4450/30A.1. dated 5th instant regarding my mining lease for Manganese in respect of Aligalavada B Block. While I am at all times willing and ready to carry out your instructions and directions, I am compelled to state owing to the unprecedented slump in the Manganese market due to causes which I shall presently state, it would be shear folly on my part to open up the mine at this stage. If the duties and scope of work of the Revenue department enabled you to be in touch with the state of the mineral market - Manganese in particular - I am sure you would not have taken the position you take in your letter under reply. The Memoirs and Records of the Geological Department including the Quinquinal Review of the Mineral Productions abundently prove (a) that the Manganese Mines in South India unlike those of the Central Provinces do not produce 1st grade ore which is the only thing easily salgable (b) that the 2nd and 3rd grade ore especially the latter which represents the bulk of the output of the Bellary and Mysore Mines will not pay the cost of working except when the market conditions are particularly good and the ruling prices are high. The present state of the Manganese market is almost unprecedented. Old and well established mining companies in the Central Provinces which as already stated produce 1st grade ore, have had to close down owing to steadily falling prices of Manganese due chiefly to Soviet competition. In order to convince you of what I have stated above, I extract the following from the report of the 27th Ordinary General Meeting of the Central India Mining Company which was so recent as 28.4.30.

" In a falling market such as the Directors had experienced for the last three years, it was very difficult to tell the ultimate course of prices .. .. The losses of the company for the last two years were caused by depreciation in the value of ore stocks. The Directors were now forced to take

take the drastic step of closing the mines, owing to the absence of any encouraging sign that the market already demoralised by the action of the Soviet would recover in the near future.

The Chairman emphatically stated that the Central India Mining Company was not the only Company to suffer from the dire effects of the Soviet competiton, instigated by the desire of the Soviet to turn their ore stocks into Gold regardless of the economic factors of the cost of production...". (Vide Times of India. 29.4.30) enclosed.).

The Director of Commercial Intelligence whom I recently addressed with a view to find out if there was any use re-opening the Aligalavada B Block mine in the present state of the Manganese market, furnished me with various extracts from Mining Journals which make very depressing reading.

The Mining Magazine, London February 1930 " Manganese Ore".

" It cannot be said that the year has opened auspiciously for the Manganse ore trade for there has been an almost total absence of business during January, the only sale being odd cargoes sold by weak holders at low prices. Generally speaking consumers are well covered for months ahead, and supplies are plentiful despite the fact that some of the smaller Indian Mines are having to close down owing to unremunerative prices now ruling."

The following is from " Capital" Calcutta dated 27.3.30.

" The out put of Manganse in the major producing countries particularly Russia during 1929, was in excess of the existing demands writes the U.S.A. Official Commercial Reports. This fact coupled with the policy and determination of the Soviet producers to gain a permanent foot hold in the World's markets, resulted in .... gradual recession in prices... At the beginning of the fiscal year 1928-29 (1st October to 30th September) the Soviet Government instituted a trust to exploit the Chiaturi deposits. This organisation operating under a five year programme proposed to produce 12,30,000 during the first year. The — increased output of Russian ore during 1929 has had and unquestionably will continue to have a decided effect on world markets.

Producers out of necessity to cem

competing producers."

I shall not trouble you with more extracts. You are perhaps already aware, if not, it is easily capable of verification that such a flourishing concern as the General Sandur Mining Company have closed several of their Mines in Sandur and disbanded their employees keeping nominal operations in one mine only. In these circumstances I venture to think you will agree that my restarting mining operation now will be like throwing good money after bad. It is to my interest to start mining operations the moment I find that the market conditions have improved and that the ore of this mine can be sold even at a nominal profit. In view of the fact that I am paying a dead rent of nearly five hundred rupees a year for this mine, the interests of the Government are fairly adequately safe-guarded as it is more than unlikely that a fair working of the Mine will yield Royalty (which is usually one and half to two annas a ton) computed at 2½% of the value of the ore at the pit's mouth) more than this dead rent. If it was a case of a precious mineral, the royalty might exceed the dead rent and the Government should very properly be anxious to secure the working of the Mine as far as possible. In the circumstances explained above you will no doubt agree that there is no purpose in making me lose my money in the present state of the Manganese market even though your action may be within the strict letter of the Agreement.

Responsible and enlightened authorities like the Local Government will doubtless exercise their discretion not arbitrarily or oppressively but wisely, considerately and even humanely, paying due regard to all the circumstances of a case. I therefore submit that it would not be fair or reasonable to subject me to any penalt in the circumstances explained above. If I find that the manganese market does not improve for some months to come, I should very naturally consider the question of relinquishing or surrendering the mine as there is no object in keeping the mine and paying the dead rent when there is no reasonable prospect of working the mine at a profit. There is another consideration which will perhaps

5 -- / --

perhaps disuade you from recommending the cancellation of my lease. In the event of another party taking up the mine on a fresh mining lease he would not have to pay the dead rent for the first year and to that extent Government will be a loser. I should have made up my mind whether to keep the mine or not long before that year.

There is one more circumstance which entitles me to special and sympathetic treatment at the hands of the Government. You may not be aware personally but the records of your office will show that owing to a serious misapprehension of their appellate and revisional powers, the Local Government ~~xxx~~ reversed the order of the Revenue Board granting me the mining lease and I had to carry the matter to the Government of India who reversed the order of the Local Government and upheld the order of the Revenue Board. All those two years and more, I was prevented from enjoying the benefits of the mining ~~lease~~ though the manganese market was particularly good at that time. In spite of my not being allowed to enjoy the rights under the mining lease I continued to pay the dead rent and when I finally succeeded I refrained from claiming any damages for the wrongful interference with my rights and preveleges under the lease. I am merely mentioning this so that you may consider if such a person may properly and fairly be subjected to a penalty as contemplated in your letter under reply.

In conclusion I give my assurance that the moment the market for manganese improves I shall start mining operations and if I fail to do so Government's remedy and rights are always open but until that time I ask for indulgence as my starting work now will benefit neither me nor Government.

Sd. L.C.Narasimhachariar.

True Copy

R.V. 3.9.

For Collector.

CR. 4/9

Subject.—

B. & A. I-A-10-80,000 22-4-80 (6)

FOR MEMBER

Mining leases — Manganese-(Bellary) Harpanahalli Tk — Aligilavada — Narasimhachari M.R.Ry. K.C. — Failure to work the mine — Instruction issued

(Sd.) S.

READ AGAIN B. P. No. _____, dated _____ 193

" " " _____, " _____ 193 .

READ ALSO :—

gister No. K.3653/30 From the Collr. of Bellary No. 4450/30A dated 3/9/ 1930 p19 &

" " _____, " " _____, " _____, " _____ 193

" " _____, " " _____, " _____, " _____ 193 .

~~RESOLUTION~~. Misc. No. 2745, dated 18.9.30 193 .

Issued 18.9.'30

To The collector of Bellary.

~~The Collector of Bellary is informed~~ that the lessee, M.R.Ry. K.C. Narasimhachariar ~~shall~~ will be granted time for one year to resume work ~~in~~ the ~~Manganese~~ mine at ~~Aligilavada and if~~ within that period work is not started, the collr. ~~is requested~~ shall to submit proposals for the cancellation of the lease.

18.9.'30

17.9.'30

M2

S

~~D. Stuart~~

Mining leases - Manganese - (Bel
Harpanahalli Tk. - Aligilavada
- Narasimhachari M.Ry K.C.
- Failure to work the mine - Refu

L. 3653/30 . . . . pp 1 c

Jo A.S. (Sett.)

Pl. see the Coll's letter at p 1 C.F
2. As observed by the Coll^r the lea
can be terminated under clause 3
pp 141-145 C.F. IX of the lease deed for failure to
the mine in a proper, skilful an
Rule 57 "VIII" 2 (1) (a) of the Mining like manner. The Local G
may however exempt a lessee f
this condition if good cause exis
Note under rule 4(1) at p 50 under the delegation of power
of the Mines & Minerals Board can exercise the powers o

In the present case the l
states that the work was stopp
p 2 C.F. owing to the fall in the demand fo
mineral and that it would no
advisable to start work now. He
p 4 C.F proposes to wait for ~~the~~ some m
months to see whether the market
improves or and if not to relinq
the lease. It appears that he h
sufficiently explained his fai
to work the mine. The lessee

may perhaps be granted time for one
car to resume working and the Co. may be requested to submit proposals for the Cancellation of the lease if work is not started within that time for orders.

This may be done.
KRK
13.9.30

Yes
Chief
14.9.30

24.9.30 12.9.30

To.
A.S(Sett)
Draft Submitted.
17.9.30 17.9.30 18.9.30